R J Reynolds

Tobacco Company

LARRY S. SCHREIBER
Vice President - National Accounts

Winston-Salem, NC 27102
910-741-1621
Fax 910-741-4684

December 1, 1995

MEMORANDUM TO: ALL RJR FIELD SALES PERSONNEL

SUBJECT: FLEMING COMPANIES, INC. -- PRIVATE LABEL CIGARETTE BRAND -- "RAINBOW"

R. J. Reynolds and Fleming Companies, Inc. have signed a contract which establishes R. J. Reynolds as the manufacturer of "Rainbow" Cigarettes.

Initial shipments to each Fleming Distribution Center are scheduled to begin January 2, 1996, or earlier if necessary.

RJR Benefits and Responsibilities:

- RJR gains incremental volume and share from an established private label product in potentially all retailers serviced by Fleming Companies.
- Establishes a new three-way alliance between R. J. Reynolds, Fleming Companies, Inc., and its retail customers.
- Fosters our commitment to customers to be their category advisor for all three price tiers... and other drivers of the cigarette category.

Responsibilities Assumed:

- RJR's sales force must assume responsibility for selling, servicing, merchandising, and promotions for "Rainbow" at both Fleming's Divisions/Distribution Centers and Fleming serviced retailers. It is imperative since, as a Grocery Wholesaler, Fleming Companies has no sales force to sell/service retailers.

Goals:

- Increase the existing volume level over the time of the contract (two years)
- Fleming's expectations are that RJR's Field Sales Organization vs. Liggett's will improve "Rainbow's" retail presence -- promotions (via accrual fund usage), in-store merchandising and display, and prominent P.O.S. exposure (brand and pricing).

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- RJR's total Company and saving share of category in each Fleming Distribution Center will be improved, contributing to an increased 1996 earnings opportunity on our Partners Wholesale Program.

Selling and Program Tools Available Are:

1. Brand Fact Sheet and Pricing (see attachment)
2. P.O.S. materials -- permanent and temporary (see attachment)
3. P.O.S. Order Forms (see attachment)
4. Fleming Companies, Inc.'s. "Rainbow" Cigarettes Retail Merchandising Agreement" (see attachment)
5. NewII "Rainbow" Alliance Accrual Fund for promotions for each Distribution Center (see attachment)
6. "Rainbow" vs. Value and Quality "Stocking Strategies" (see attachment)
7. Fleming's Organization Contact Lists (see attachment)

Larry

Larry Schreiber
Vice President - National Accounts

LSS/kp

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"RAINBOW" POINT-OF-SALE

R. J. Reynolds will provide for "Rainbow" the following P.O.S. materials:

Displays

Temporary

- Large Dump Bin Floor Display
- Small Dump Bin Floor Display
- Corrugated Promotion Display
- Temporary Package Counter Display

Permanent

- Package Display - 4-tray
- Package Add-On Trays
- Modular Floor Display

P.O.S.

- Large PPP Card
- Dump Bin Riser
- Channel Strip
- Carton End Labels
- Forsyth Package Tags
- "Rainbow" Brand Large & Small Pack Stickers

Note:

R. J. Reynolds' Divisions and personnel should maintain sufficient inventories to service, replace, and install the above in existing and new retail stores selling "Rainbow."

Ordering:

Utilize standard Customer Order Forms provided in Forsyth's Promotion Planning Guide Manual.

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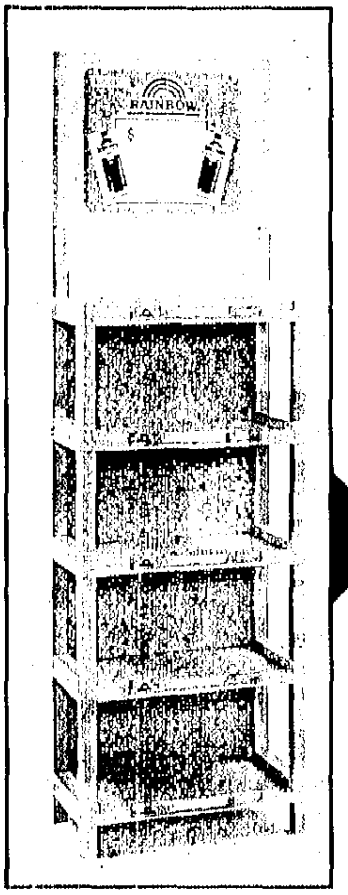
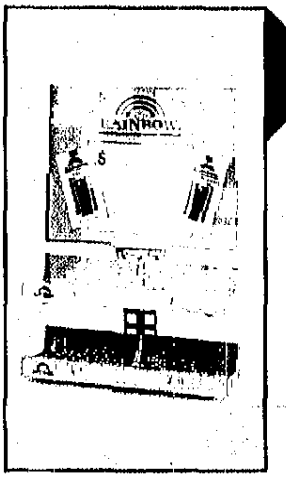
Rainbow Permanent Point-Of-Sale & Merchandisers



RAINBOW MODULAR FLOOR DISPLAY
Item #487376

DIMENSIONS
Height - 73 3/4"
Width - 24"
Depth - 11 3/4"

Carton Capacity - 100
Pack Capacity - 90
Packed 1 per case



PACKAGE DISPLAY - 4 TRAY
Item #364179

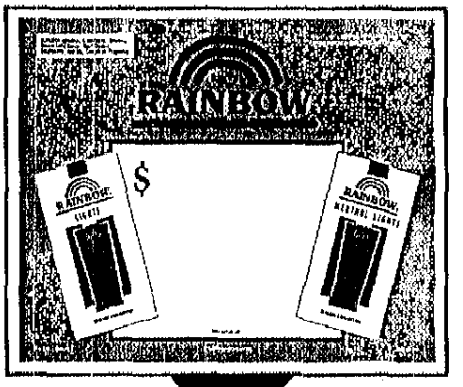
DIMENSIONS
Height - 14 1/8"
Width - 13 3/4"
Depth - 5 5/8"

Pack Capacity - 60
Packed 4 per case

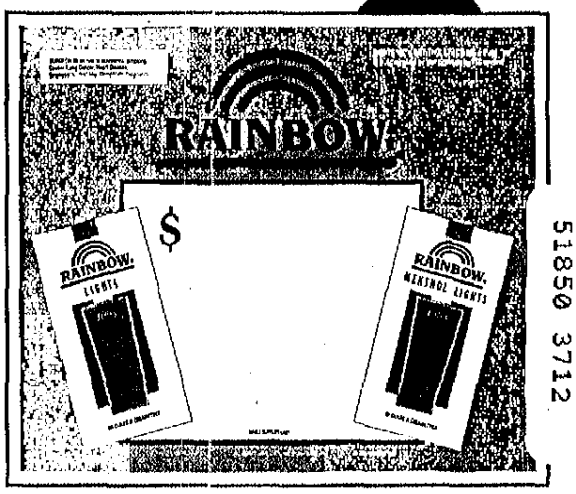
PACKAGE ADD ON
Item #364366
(to be used with 364179)
Pack Capacity - 30
Packed 4 per case

DIMENSIONS
Height - 2 3/8"
Width - 7"
Depth - 5 5/8"

DUMP-BIN RISER
17 1/4" x 14"
Item # 499040



LARGE PPD CARD
13 7/16" x 10 1/2"
Item # 499043



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CHANNEL STRIP
13 11/16" x 1 3/16"
Item # 499052

POS must be ordered separately
POS packed 25 per case

Source: https://www.industrydocuments.ucsf.edu/docs/rzby0000

Rainbow Permanent Point-Of-Sale & Merchandisers

DATE _____/_____/_____

SHIP TO LOCATION

SIS# _____ Company _____

Street _____

City/State _____ PO # _____

Special Instructions _____

_____

MAIL ORDER FORM TO:

R.J. Reynolds Tobacco Company
Forsyth Tobacco Company
Winston-Salem, NC 27102-2959
FAX. (910) 741-2685

CARTON END LABELS

462390	FF85	_____
462405	FF83 BX	_____
462411	FF100	_____
462441	L85	_____
462471	L83 BOX	_____
462480	L100	_____
462510	UL 85	_____
462522	UL100	_____
462420	FFM85	_____
462432	FFM100	_____
462495	LM85	_____
462501	LM100	_____
462531	NF85	_____

PACK STICKERS

499010	LARGE PACK (30 per pack)	_____
499001	SMALL PACK (120 per pack)	_____

POINT-OF-SALE

499040	DUMP BIN RISER	_____
499043	LARGE PPD	_____
499052	CHANNEL STRIP	_____

MERCHANDISERS

487376	MODULAR FLOOR	_____
364179	PACKAGE DISPLAY	_____
364366	PACKAGE ADD-ON	_____

FORSYTH PACKAGE TAGS
(55 TAGS PER SKU)

		QUANTITY (SKU = 1 PAGE)
385464	FILTER 100'S	_____
385475	FILTER 85'S	_____
385486	LIGHT 100'S	_____
385497	LIGHT 85'S	_____
385508	ULTRA LIGHTS 100'S	_____
385519	ULTRA LIGHTS 85'S	_____
385530	LTS MENT 100'S	_____
385541	LTS MENT 85'S	_____
385552	MENTHOL 100'S	_____
385563	MENTHOL 85'S	_____
385574	FILTER 83 BOX	_____
385585	LIGHTS 83 BOX	_____
385596	NON-FILTER 85'S	_____

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RJR Approval _____

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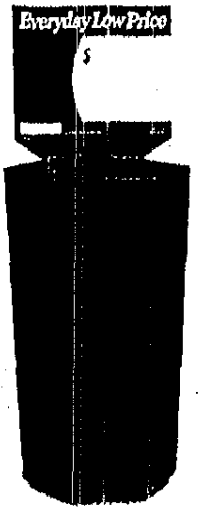
FORSYTH TOBACCO PRODUCTS TEMPORARY DISPLAYS

(These Items Provided at NO CHARGE)



LARGE DUMP BIN
FLOOR DISPLAY
Item #: 171239

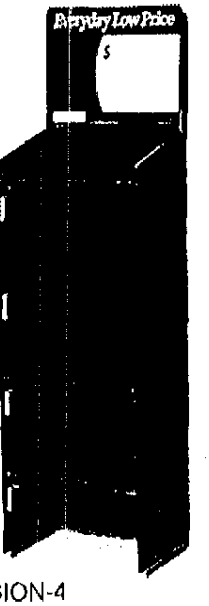
Max. Capacity: 260 Packs
21"(W) x 48"(H) x 17"(D)
SKU: 5

2/4 Cell Dividers
185308
SKU: 25

SMALL DUMP BIN
FLOOR DISPLAY
Item #: 158149

Max. Capacity: 130 Packs
17¼"(W) x 47½"(H) x 13"(D)
SKU: 10

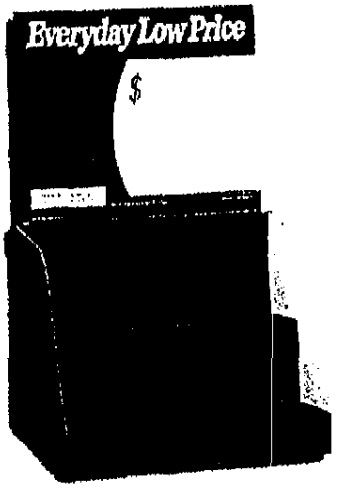
2-Cell Dividers
185286
SKU: 25



DIMENSION-4
CORRUGATED
PROMOTIONAL DISPLAY
Item #: 458131

Max. Capacity: 100 (Cartons only)
760 (Packs only)
18⅛"(W) x 62"(H) x 13½"(D)

SKU: 1



TEMPORARY PACKAGE
COUNTER DISPLAY
Item #: 417617

Max. Capacity: 160 packs
14"(W) x 15"(H) x 10½"(D)

SKU: 25

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"RAINBOW" RETAIL MERCHANDISING CONTRACT

Current Program -- General Information

- Fleming Companies, Inc. and Liggett currently have available a "Rainbow" Merchandising Contract for a permanent floor display of "Rainbow" Brands. Approximately 440 retail stores currently have this permanent floor display/contract with either a $30.00 or $35.00 per month payment, paid quarterly... which will end 12/31/95 under this contract. (Liggett's). Each RJR Division will receive a list of retail calls (name, address, zip code) where the current Fleming/Liggett contracts/displays exist.

New Program -- Starts 1/1/96 -- "Rainbow" Merchandising Contract/Permanent Floor Display Program

- Fleming Companies, Inc. will continue to offer all retail stores they service the "Rainbow" Permanent Merchandising Contract/Floor Display. This program will be administered and sold by RJR's Sales Force as follows:
  - The former $30.00/month contract will be discontinued 12/31/95; beginning 1/1/96, only one $35.00/month contract plan is available.
  - The "Rainbow" merchandising contract fund is a separate Fleming budget for "Rainbow" contracts, separate and distinct from all other R. J. Reynolds retail merchandising contracts and budgets.
- Retailer must have a minimum sales volume of 225 cartons per week of all brands of cigarettes during the most recent three-month period.
- Retailer will be required to stock all seven SKUs of "Rainbow":

King Size Light	100 Lights
King Size Menthol Lights	100 Ultra Lights
King Size Full Flavor	100 Menthol Lights
	100 Full Flavor

- The "Rainbow" Merchandising Center Display must feature "Rainbow" price signage (provided by R. J. Reynolds Tobacco Company) reflecting retail price at all times.
- Retailer must place Merchandising Center in permanent position which is visible/self-service.
- Payment: $35.00 per month for "Rainbow" Merchandising Center
- All payments will be issued via a quarterly check.
- Compliance and non-compliance will be based on R. J. Reynolds' quarterly audit.
- Multiple displays/contracts (2) maximum can be placed in one store, however, this should be the unique exception, only in very high volume stores.

Note: "Rainbow" Retail Merchandising Contract (for ordering: Item #502553, packed 10/pack)

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Objectives

- Grow the sales of "Rainbow" within Fleming-serviced retailers with improved display and presence of:
  - Prominent "Rainbow" P.O.S. and signage and price communication -- 3-Ps.
  - Maintain existing and secure new locations for the modular pack/carton floor display, as well as the permanent counter display where applicable (no contract for permanent pack display).
  - Improve distribution of all viable "Rainbow" SKUs... 7 SKUs available.
  - Provide space and display of "Rainbow" product within R. J. Reynolds' package and carton fixtures, where feasible, if "Rainbow" display fixtures are not utilized.

Responsibilities for RJR

- Must re-sign all existing contracts for retailers who were participating in the program under the former Liggett and Myers contract by March 31, 1996, under the new contract form #502553.
- Must secure and report each retailer's proper Tax I.D. on the contract in order for retailers to be eligible for payments!
- Non-compliance reporting is also RJR's responsibility with the performance requirements set forth in the "Rainbow" contract.
- If an existing retail contract (old Liggett Program) is with a retailer not currently on RJR's SIS Account, we must assign the retailer a SIS number and establish coverage frequency to monitor compliance.
- Retailers without "Rainbow" Merchandising Contracts who are supplied ("Rainbow") from Fleming Distribution Centers are eligible for receiving this program/contract, provided they meet minimum volume and performance requirements.
- RJR Sales Force is responsible for ordering and installing any new permanent displays and P.O.S. materials through RJR's normal R.O.U. offices for order processing.

Contract Information

- The contract is available in a three-part form (one part for each of the following: Retailer, Sales/Retail Rep, and ROU).

Contracts Cannot be Effective Until January 1, 1996

- The contract must be completed in its entirety. **Do not enter contracts without proper tax information**. Since we are an agent for Fleming, we cannot withhold taxes due the IRS, as we can in other internal RJRT systems.
- Attached is a completed example of a merchandising agreement. Please note that on the contract, there is a line for Administrative Agent Account No. (this is our SIS Account Number) and a line for Administrative Agent Territory No. (this is our Sales/Retail Rep's Territory).
- More specific systems information will be communicated later.

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Source: https://www.industrydocuments.ucsf.edu/docs/rzby0000

- More specific systems information will be communicated later.

Budget Information

- The Fleming Retail Merchandising Agreement will not affect your RJRT merchandising contract payment budget. The payment will not be included in your Contract Pay Register Report Totals.
- The retailer will receive a separate check for the "Rainbow" payment from a Fleming checking account administered by RJRT. This check will go out at the same time as our other RJRT merchandising contract payments. All 1099 reporting will not be included in RJRT's reporting, but will be reported by Fleming.
- All check inquiries should be handled through normal RJRT channels.

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Source: https://www.industrydocuments.ucsf.edu/docs/rzby0000

EXAMPLE

FLEMING COMPANIES, INC. RETAIL MERCHANDISING AGREEMENT
RAINBOW BRANDED BRANDS
IN-STORE MERCHANDISING AGREEMENT

Section 4: Certification

Fleming Companies, Inc. must backup withhold tax at the rate of 31% from payee if the payee fails to provide Fleming Companies, Inc. with sufficient correct information to issue a Form 1099 to such payee for any calendar year. With an individual proprietorship, this information is the person's individual name and either his/her social security number (S.S. No.) or the employer identification number (EIN) for the proprietorship. In addition to the payee's individual name, the payee may also provide the business name for the sole proprietorship, provided the individual name is listed before the business name. (Sole proprietors may not furnish only the business name.) With respect to corporations, partnerships, estates, trusts, and similar entities, the necessary information is the entity's name and employer identification number (EIN) as it appears on IRS Form 575 (Assignment of Employer Identification Number).

Under penalties of perjury, I certify that:

1. The number shown above is my correct taxpayer identification number (or I am waiting for a number to be issued to me) and
2. I am not subject to backup withholding because: (a) I am exempt form backup withholding, or (b) I have not been notified by the Internal Revenue Service that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding.

Certification Instructions: You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because of underreporting interest on your tax return.

Type of Organization: Corporation ✓ Sole Proprietor ____, Partnership, Estate, Trust, etc. ____

Is this a corporation exempt from backup withholding? Yes ✓ No ____

Please use the appropriate line to fill in the name and Taxpayer Identification Number:

Corporation Name JOE'S I.G.A. EIN 561234567 ←(TAX I.D.#)

or

Sole Proprietor's Name _____ S.S. No. ___-___-____

Sole Proprietor's Business Name _____ EIN __-_____

or

Partnership, Estate, Trust, etc. _____ EIN __-_____

Address (Number, street, and apt. or suite number) 1234 CAMEL STREET

Address (City, state, and ZIP code) WINSTON SALEM, NC. 27102

Store Name (Please Print) JOE's I.G.A.

Street Address 1234 CAMEL STREET

City/State WINSTON SALEM, N.C

Call Classification _____

Administrative Agent Account No. 512 (S.I.S ACCT#)

Administrative Agent Territory No. 212801 (REPS TERRITORY)

Zip Code 27102

Branch (If Chain) _____

Type	Plan	# Stores	Monthly Payment	Total Quarterly Dollar Amount
SAVING CTR	RNBOW	1	$35/Store	$ 105.00
				$
			TOTAL	105.00

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X
Date Contract Signed

Retailer's Signature X

Title: X

X
Contract Effective Date

FLEMING COMPANIES, INC. or ADMINISTRATIVE AGENT

By: X (OUR R.J.R. SALES REP.)

FUNCTION	CONTRACT TYPE	PLAN	UNITS	RATE	EFFECTIVE MO/YR
A=ADD	SAVING CTR	RNBOW	01	35	0196
E=END					
D=DELETE					
C=CHANGE					

Source: https://www.industrydocuments.ucsf.edu/docs/rzby0000

RAINBOW CIGARETTES RETAIL MERCHANDISING AGREEMENT
RAINBOW BRANDED BRANDS
IN-STORE MERCHANDISING AGREEMENT

Fleming Companies, Inc. is pleased to offer this In-Store Merchandising Agreement to retail customers selling and promoting Rainbow Branded cigarettes. By signing this Agreement, customer agrees to be bound by the terms and conditions set forth in this Agreement.

Section 1: Customer's Performance

(a) The term of this Agreement will begin on the implementation date stated on the reverse side of this document and will continue from year to year thereafter until terminated by either party upon 30 days advance written notice to the other party. During the term of this Agreement, customer will perform all of its obligations under this Agreement, including the obligations indicated under "Payment Information" and "Annual Performance Parameters".

(b) Customer represents and warrants to Fleming Companies, Inc. that the number of retail stores shown on the reverse side is the correct number of customer's stores participating in this Agreement. If the number of customer's stores increases or decreases, customer will promptly notify Fleming Companies, Inc. and any payments to customer under this Agreement will be adjusted accordingly.

(c) Customer will allow Fleming Companies, Inc. and/or their designated administrative agent to make reasonable and periodic inspection of and on customer's store premises in order to determine customer's compliance with this Agreement. Fleming Companies, Inc. and/or their designated administrative agent reserve the right to determine compliance in its sole judgment on a store-by-store basis.

(d) Customer must stock Rainbow Branded brands exclusively on the authorized display in a manner that insures adequate quantity of Rainbow brands. A row refers to the amount of space used to vertically display a minimum of five cartons of cigarettes. These cartons must be arranged with the carton ends facing the consumer and must occupy the full depth of the shelf.

(e) Monthly payment structure for Rainbow display is $35 per month with authorized top signage (Plan-Rainbow 1).

(f) Under no circumstances will customer deduct any amounts due or allegedly due under this Agreement from any amount payable by customer to Fleming Companies, Inc. for the purchase of cigarettes or any other reason.

Section 2: Fleming Companies, Inc.

(a) Fleming Companies, Inc. or their designated administrative agent will make payments to customer under this Agreement as soon as practicable after the end of each calendar quarter, provided that customer has fully complied with all requirements of this Agreement.

(b) Fleming Companies, Inc. and their designated administrative agent reserve the right to request from customer a list of its participating stores at any time.

(c) Fleming Companies, Inc. and their designated administrative agent reserve the right to designate which of its cigarette brands will be stocked and displayed under this Agreement.

(d) Fleming Companies, Inc. designates R. J. Reynolds Tobacco Co. as its authorized administrative agent for Rainbow Branded cigarettes.

Section 3: General

(a) This Agreement supersedes and replaces any previous or existing Rainbow Branded retail merchandising agreement between Fleming Companies, Inc. and customer.

(b) The Agreement will continue in effect until cancelled by either party upon 30 days advance written notice. If customer fails to comply with any term or condition of this Agreement, Fleming Companies, Inc. and/or their designated administrative agent may cancel this Agreement immediately upon notice to customer. This Agreement is subject to immediate modification or alteration by Fleming Companies, Inc. if, in the opinion of counsel for Fleming Companies, Inc., such modification or amendment is required to comply with applicable laws and regulations.

(c) This Agreement will not be effective until it has been signed by Fleming Companies, Inc. or their designated administrative agent.

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Source: https://www.industrydocuments.ucsf.edu/docs/rzby0000

FLEMING COMPANIES, INC. RETAIL MERCHANDISING AGREEMENT
RAINBOW BRANDED BRANDS
IN-STORE MERCHANDISING AGREEMENT

Section 4: Certification

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2. I am not subject to backup withholding because: (a) I am exempt form backup withholding, or (b) I have not been notified by the Internal Revenue Service that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding.

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Type of Organization: Corporation ___, Sole Proprietor ____, Partnership, Estate, Trust, etc. ____

Is this a corporation exempt from backup withholding? Yes ____ No ____

Please use the appropriate line to fill in the name and Taxpayer Identification Number:

Corporation Name _____ EIN __ __-__ __ __ __ __ __ __
or
Sole Proprietor's Name _____ S.S. No. __ __ __ - __ __ - __ __ __ __

Sole Proprietor's Business Name _____ EIN __ __-__ __ __ __ __ __ __
or
Partnership, Estate, Trust, etc. _____ EIN __ __-__ __ __ __ __ __ __

Address (Number, street, and apt. or suite number) _____

Address (City, state, and ZIP code) _____

Store Name (Please Print) _____ Administrative Agent Account No. _____

Street Address _____ Administrative Agent Territory No. _____

City/State _____ Zip Code _____

Call Classification _____ Branch (If Chain) _____

Type	Plan	# Stores	Monthly Payment	Total Quarterly Dollar Amount
SAVING CTR	RNBOW		$35/Store	$
				$
			TOTAL	

_____
Date Contract Signed

Retailer's Signature _____

Title: _____

_____
Contract Effective Date

FLEMING COMPANIES, INC. or ADMINISTRATIVE AGENT

By: _____

FUNCTION		CONTRACT TYPE	PLAN	UNITS	RATE	EFFECTIVE MO / YR
FUNCTION						
A=ADD						
E=END						
D=DELETE						
C=CHANGE						

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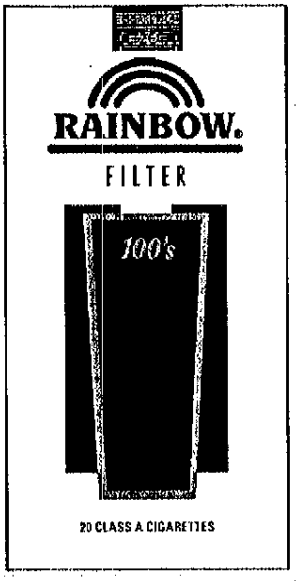
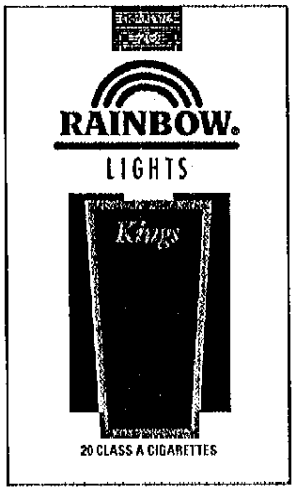
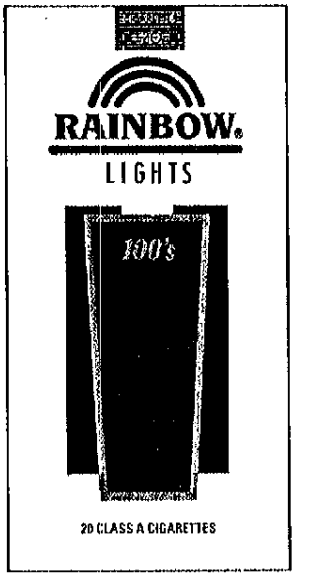
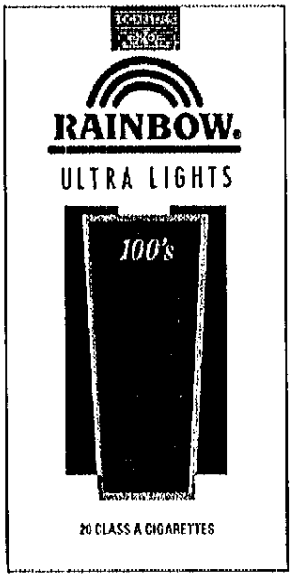
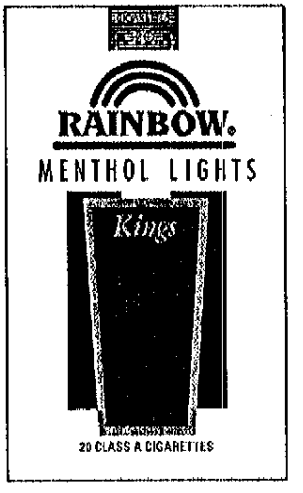
Source: https://www.industrydocuments.ucsf.edu/docs/rzby0000

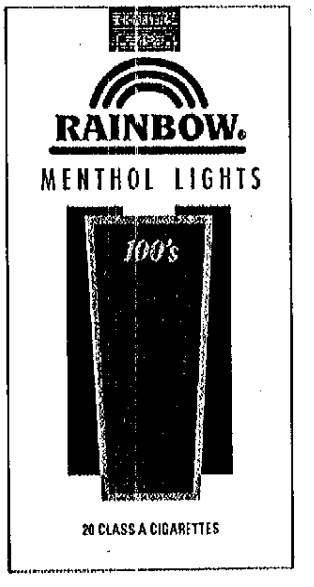












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Source: https://www.industrydocuments.ucsf.edu/docs/rzby0000

RAINBOW

PRODUCT INFORMATION

	UPC	LENGTH (inches)	WIDTH (inches)	DEPTH (inches)	CUBE (feet)	WEIGHT
PACKS						
Full Flavor 85's	12300 22983	2.0625	0.8438	3.375	0.0034	0.787 oz.
Full Flavor 100's	12300 22986	2.0625	0.8438	4.0000	0.0040	0.933 oz.
Lights 85's	12300 22989	2.0625	0.8438	3.375	0.0034	0.787 oz.
Lights 100's	12300 22992	2.0625	0.8438	4.0000	0.0040	0.933 oz.
Ultra Lights 100's	12300 23053	2.0625	0.8438	4.0000	0.0040	0.933 oz.
Menthol Lights 85's	12300 22995	2.0625	0.8438	3.375	0.0034	0.787 oz.
Menthol Lights 100's	12300 23050	2.0625	0.8438	4.0000	0.0040	0.933 oz.
CARTONS						
Full Flavor 85's	12300 22984	10.6250	1.7813	3.4375	0.038	8.67 oz.
Full Flavor 100's	12300 22987	10.6250	1.7813	4.0313	0.044	10.13 oz.
Lights 85's	12300 22990	10.6250	1.7813	3.4375	0.038	8.67 oz.
Lights 100's	12300 22993	10.6250	1.7813	4.0313	0.044	10.13 oz.
Ultra Lights 100's	12300 23055	10.6250	1.7813	4.0313	0.044	10.13 oz.
Menthol Lights 85's	12300 22996	10.6250	1.7813	3.4375	0.038	8.67 oz.
Menthol Lights 100's	12300 23051	10.6250	1.7813	4.0313	0.044	10.13 oz.
CASES-12M						
Full Flavor 85's	12300 22985	17.625	11.0625	21.688	2.447	33.5 lbs.
Full Flavor 100's	12300 22988	20.5625	11.0625	21.688	2.855	39.0 lbs.
Lights 85's	12300 22991	17.625	11.0625	21.688	2.447	33.5 lbs.
Lights 100's	12300 22994	20.5625	11.0625	21.688	2.855	39.0 lbs.
Ultra Lights 100's	12300 23056	20.5625	11.0625	21.688	2.855	39.0 lbs.
Menthol Lights 85's	12300 22997	17.625	11.0625	21.688	2.447	33.5 lbs.
Menthol Lights 100's	12300 23052	20.5625	11.0625	21.688	2.855	39.0 lbs.

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Source: https://www.industrydocuments.ucsf.edu/docs/rzby0000

RAINBOW - PRODUCT INFORMATION

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← FOR PURPOSES OF ORDERING BY PHONE, USE RJR UPC CODES.

FLEMING PRODUCT INFORMATION

	UPC	LENGTH (inches)	WIDTH (inches)	DEPTH (inches)	CUBE (feet)	WEIGHT
PACKS						
Full Flavor 85's	11205 15560					
Full Flavor 100's	11205 15561					
Lights 85's	11205 15554					
Lights 100's	11205 15552					
Ultra Lights 100's	11205 15563					
Menthol Lights 85's	11205 15555					
Menthol Lights 100's	11205 15553	← FOR EDI ORDERING, FLEMING WILL USE THESE "FLEMING" UPC CODES.				
CARTONS						
Full Flavor 85's	11205 15564					
Full Flavor 100's	11205 15565					
Lights 85's	11205 15558					
Lights 100's	11205 15556					
Ultra Lights 100's	11205 15567					
Menthol Lights 85's	11205 15559					
Menthol Lights 100's	11205 15557					
CASES-12M						
Full Flavor 85's	11205 15564					
Full Flavor 100's	11205 15565					
Lights 85's	11205 15558					
Lights 100's	11205 15556					
Ultra Lights 100's	11205 15567					
Menthol Lights 85's	11205 15559					
Menthol Lights 100's	11205 15557					

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Source: https://www.industrydocuments.ucsf.edu/docs/rzby0000

FLEMING DISTRIBUTION CENTERS -- STOCKING STRATEGY

VALUE & QUALITY VS. "RAINBOW"

Currently, some Fleming Distribution Centers stock all SKUs of Value & Quality and "Rainbow" products. In the future, in those Distribution Centers where the sales patterns of Value & Quality is significantly less than "Rainbow," consideration should be given to discontinue all or some of the Value & Quality SKUs.

Guidelines:

- Value & Quality distribution should be maintained in the event key retailers prefer it to be stocked by Fleming due to a well developed S.O.M. on V&Q, i.e., Value & Quality sales may be 5 to 7 times smaller than "Rainbow" from a Distribution Center, yet, the vast majority of the shipments, all for a specific retailer(s), who has highly developed S.O.M. on V&Q.

- If historic sales trends have been declining for V&Q and it is evident no retailer(s) has established a significant S.O.M. and sales for V&Q that couldn't be replaced by "Rainbow"... consider discontinuation.

- Review of A.I.M. data could be used along with jointly reviewing with Fleming their purchases and/or sales reports to retail. A.I.M. data, January through October, is enclosed for an initial look at current 10-months sales.

"RAINBOW" ACCRUAL PROGRAMS

Fleming Companies, Inc. has agreed to adopt a new sales strategy for "Rainbow" by creating accrual funds to conduct periodic promotions for stores serviced out of each Distribution Center. Fleming has adjusted "Rainbow's" list price off-invoice amounts and established accrual monies, as opposed to a former strategy of lower dead-net pricing.

Important:

- Each Fleming Distribution Center will have established its own Alliance Accrual Fund... to be managed and spent with coordinated planning with the RJR Account Manager.

- It is critical that RJR Account Managers assigned to each Fleming Division/Distribution Center work very closely and frequently with Fleming Distribution Center's personnel to fully utilize, on a regular basis, the Forsyth Promotional Accrual Funds with the coupons, V.P.R.s, premiums, etc. available from Forsyth.

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PRICING INFORMATION

"Rainbow" pricing will be as follows:

- Three different off-invoice and allowance accrual price structures will exist. Each Fleming Distribution Center will utilize one of the three listed below for invoices:

	A	B	(Fair Trade States C
List	$8.79	$8.79	$6.62
Off-Invoice	1.84	2.10	.00
Alliance Accrual	.76	.50	.50
	El Paso, TX	Altoona, PA	Hub City, WI
	Fresno, CA	Buffalo, NY	Johnson City, TN
	Geneva, AL	Garland, TX	Knoxville, TN
	Houston, TX	Huntington, WV	Lacrosse, WI
	Lafayette, LA	Kansas City, KS	Milwaukee, WI
	Lubbock, TX	Laurens, IA	Minneapolis, MN
	Massillon OH	Lincoln, NE	Nashville, TN
	Memphis, TN	OKC Memorial	North Carolina
	Miami, FL	OKC (59th)	Philadelphia, PA
	Northern California, CA	Peoria, IL	Superior, WI
	Salt Lake City, UT	Phoenix, AZ	
	San Antonio, TX	Portland, OR	
	Syracuse, NY	Sikeston, MO	
		York, PA	

SPECIAL NOTE - IMPORTANT

Effective with the first shipments of Rainbow to all Fleming ship-to divisions, the above stated list prices, off-invoice amounts, and accrual denominations will be in effect and reflected on RJR's invoices billed to Fleming Companies.

However, in only 22 specific Fleming Divisions these new list/off-invoice prices will not go into effect to their retail customers until February 1, 1996. As a result, R. J. Reynolds will provide a rebate to each Fleming Division for the difference between their current list pricing and off-invoice and the new list price and off-invoice for the month of January only.

-Altoona, PA
-Buffalo, NY
-Garland, TX
-Hub City (Marshfield),WI
-Huntington, WV
-Lincoln, NE
-Milwaukee/Waukesha, WI
-Minneapolis, MN
-Nashville, TN
-Warsaw, NC
-Johnson City, TN
-Kansas City, KS
-Knoxville, TN
-Lacrosse, WI
-Laurens, IA
-Oklahoma City (Memorial), OK
-Oklahoma City (59th), OK
-Phoenix, AZ
-Portland, OR
-Sikeston, MO
-Superior, WI
-York, PA

This pricing strategy allows a transition for one month before the consumer pricing/retail goes up.

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Source: https://www.industrydocuments.ucsf.edu/docs/rzby0000

Rainbow vs. Value and Quality

Ranked by Rainbow

Fleming Company Branch	Account Number	Total Cartons Shipped	
		V&Q	Rainbow
Kansas City,KS	198000	9,355	127,994
Memphis TN	810408	45,455	122,302
Massillon OH	246025	8,386	83,558
Geneva Alabama	198340	20,820	72,557
Nashville TN	786765	27,452	59,686
Garland TX	628586	1,105	59,254
Oklahoma City Memorial	198120	3,955	58,651
Altoona PA	276331	343	57,140
Johnson City TN	198370	1,450	47,568
San Antonio TX	198310	39,973	36,458
Salt Lake UT	751300	26,162	35,063
Port OR	751540	137	33,065
Hub City WI	551634	60,566	30,211
Gateway Foods La Crosse WI	273823	180,147	25,944
Lafeyette LA	957691	0	25,876
Buffalo NY	452091	149	24,557
59th OK	576720	14,851	23,366
Phoenix AZ	529356	0	21,834
Northern CA	485411	2,562	21,125
Sikeston MO	744755	1,725	18,301
Lubbock TX	198020	25,800	15,354
Lincoln NB	197300	10,901	15,253
Oaks PA	198280	26	14,849
Fresno CA	316510	0	14,359
Milwalkie WI	551633	1,236	12,195
York PA	594480	0	10,277
Houston TX	198270	0	5,753
Superior WI	329445	13,329	4,929
E. Peoria	303440	825	3,682
Laurens IA	327003	14,064	2,872
Knoxville TN	490680	3,912	2,601
Syracuse NY	473498	419	1,760
Miami FL	899517	1,473	934
Elpaso TX	404625	11,295	850
Warsaw NC	458850	8,971	795
Hiawii	546249	0	69

AIM Data January thru October as available

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Source: https://www.industrydocuments.ucsf.edu/docs/rzby0000

FLEMING RAINBOW PROGRAM -- SUGGESTED NEXT STEPS

1. RJR Account Managers Assigned to Fleming - starting December 15, 1995

   ϕ As soon as possible contact at each Fleming Division ship-to location Fleming's cigarette buyer and review the Rainbow Program.

   - Permanent and temporary POS materials available for retail.
   - Accrual Program -- Accrual Fund statements will be sent monthly to RJR Account Managers who can plan with Fleming to use promotional tools in the Forsyth Planning Guide. Each RJR person should have this Forsyth Planning Guide which is available from Gwen Scott (910-741-3340) in Winston-Salem.
   - Discuss stocking strategy on Rainbow versus Value & Quality.
   - Review 1996 Wholesale Partners Program and how Rainbow and/or Value & Quality, along with all other RJR "goal" and earnings brands, can enhance Fleming's 1996 Partners Earnings. Reinforce importance of Category II performance requirements.

2. Division Managers and Field Sales Reps - starting January 1, 1996

   ϕ From the existing list provided of Liggett's contracts, call on those retailers within your division and resign them on new contract by March 31, 1996. Enter information into system and check compliance for 1st quarter 1996.

   ϕ Replace existing Liggett Rainbow permanent displays and POS where warranted to enhance presence, store's positions, distribution and new POS.

   ϕ Sell new and improved distribution and/or new Rainbow merchandising contract/display in appropriate calls we call on serviced by Fleming Distribution Centers.

3. Region Operations - Forward to each region/division each division's list of current retailers with Liggett Group "Rainbow Retail Merchandising Contracts." Our divisions need to call on to resign to a new contract #502553.

4. If you have any questions regarding this program, contact Larry Schreiber at extension 1621.

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Source: https://www.industrydocuments.ucsf.edu/docs/rzby0000